City of Newport Department of Utilities

NEWPORT
RHODE ISLAND
1639

RHODE ISLAND PUBLIC UTILITIES COMMISSION
DOCKET NO.4933

REBUTTAL TESTIMONY

OF

JULIA A. FORGUE, P.E.

CITY OF NEWPORT
DIRECTOR OF UTILITIES
ON BEHALF OF THE CITY OF NEWPORT, UTILITIES DEPARTMENT, WATER DIVISION

AUGUST 21, 2019

I. INTRODUCTION

Q. Please provide your full name, title and business address for the record.

A. Julia A. Forgue, P.E. I am employed by the City of Newport where I serve as Director of Utilities. My business address is 70 Halsey Street, Newport, Rhode Island.

Q: Are you the same Julia Forgue, P.E. who submitted pre-filed Direct Testimony in this Docket?

A: Yes I am.

Q: Please provide an overview of your Rebuttal Testimony.

A: I am providing testimony that responds to the Direct Testimony submitted by the Division of Public Utilities and Carriers ("Division"), the Portsmouth Water and Fire District ("Portsmouth"), the United States Department of the Navy ("Navy") and the Town of Middletown ("Middletown").

I will begin by addressing the proposed reductions to rate year expenses and one adjustment requested by Newport. I will address each budget line item in order as set forth in Schedule HJS A-1B attached to Harold Smith's testimony. The only expenses I won't address are Legal & Administrative and Data Processing (a/k/a City Services). Laura Sitrin, the City of Newport's Finance Director, will address the reduction to City Services expenses proposed by Portsmouth's witness, David Bebyn. I will also address the Division's recommendation regarding Non-Rate Revenue. I will then address issues raised by Middletown's witness, David Russell, regarding his comparison of Newport's water rates to other utilities; his proposed changes to the funding of Newport's Capital Improvement Plan (CIP); and, his testimony regarding customer assistance programs. Finally, I will address the testimony of Brian Collins, the Navy's witness, regarding Newport Water's Wheeling Accounts.

<u>II. NEWPORT WATER'S PROPOSED RATE YEAR EXPENSES</u>

Q. In many instances, Mr. Morgan and Mr. Bebyn used three-year averages rather than the two years Newport used for some expenses. Do you agree that three-year averages should be used in all instances?

A. No. In calculating rate year expenses, Newport did use two-year averages for some expenses, and as set forth below, Newport has accepted some of the adjustments suggested by Mr. Morgan and Mr. Bebyn based on three-year averages. However, it is important to keep in mind that Fiscal Years 2017, 2018 and 2019 were impacted by reduced consumption that was less than projected in Newport's last rate filing (Docket 4595) and the associated revenue shortfall. Additionally, the new rates approved in Docket 4595 went into effect October 1, 2016, missing 25% of the FY2017 rate year, including the higher consumption months of July, August and September.

Thus, Newport was forced to address the reduced consumption and associated revenue shortfall by implementing a spending 'hold' that resulted in reduced expenditures. These reduced expenditures do not accurately represent "normal" expenditures. Rather, they reflect levels of expenditures resulting from a shortfall in revenues.

<u>Salaries And Wages (Account 50001)</u>

Q. Do you agree with Mr. Morgan's testimony on behalf of the Division that "Newport has not demonstrated or provided any data that supports its use of the 60% allocation" of administration wages and salaries to the Water Division and 40% to the Water Pollution Control Division?

A. No I do not. The salaries and wages for four positions are allocated 60% to the Water Division and 40% to the Water Pollution Control Division. These positions are: Director of Utilities, Deputy Director of Utilities – Finance, Deputy Director of Utilities – Engineering, and Administrative Secretary. And contrary to Mr. Morgan's testimony, Newport did provide information and data to support the 60/40 allocation in its responses to Mr. Morgan's data requests. Yet, in his testimony, he only partially quoted Newport's responses to Div. 5-5 and 5-6 and ignored Newport's response to Div. 5-4. As such, the full text of these requests and responses are set forth below[1]:

> **DIV. 5-4:** According to the response to DIV 2-5, a 60% allocation factor was assigned by the City of Newport to the Water Division for the Director, Deputy Directors, and Administrative Secretary, based on the required work effort and size of the service areas for the Water and Water Pollution Control utilities.
>
> The response does not show the derivation of the 60% allocation factor. Please provide the following information as requested:
>
> a. Does the response to DIV 2-5 mean the percentage allocation was based upon the square area of the service territories? Please fully explain your response by indicating how the calculation was performed. To the extent that a metric other than square area was used, please identify what was used and how the calculation was performed.
>
> b. Please provide the current size of the water and the water pollution control divisions as determined for assigning payroll costs for the Director, Deputy Directors, and Administrative Secretary.
>
> c. Please provide the size of the water and the water pollution control divisions as determined for assigning payroll costs for the Director, Deputy Directors, and Administrative Secretary in FY 2008.
>
> **Response:**
>
> a. As set forth in the response to DIV 2-5, the allocation is based on required work effort and size of the service areas for the two Utilities – Water and Water Pollution Control. It is not based on a mathematical calculation. The allocation is based, in part, on the square area that the separate utilities service. However, it is also based on the infrastructure owned and operated, number of customers, etc. For the Water Division, the retail service area encompasses Newport, Middletown, and the southern section of Portsmouth and the Water Division serves the PWFD and the Naval Station Newport for the wholesale purchase of water. For the Water Pollution Control Division,

[1] The omitted portions of Newport's responses to Div. 5-5 and 5-6 appears in bold and the full text of Newport's response to Div. 5-4 is provided without any bolding.

the retail service area is limited to the City of Newport with wholesale service for the sewered sections of Middletown and the Naval Station Newport.

b. The relative size of the utilities includes the service areas described above in subsection a. and the following:

Water Infrastructure operated and maintained by NWD staff:

9 surface water reservoirs with dams and intakes
2 raw water pumping stations
16 miles of raw water mains
2 water treatment facilities
4 finished water storage tanks
1 finished water pump station
168.7 miles of distribution/transmission mains
1044 Fire Hydrants

WPC Infrastructure operated and maintained by NWD Staff (as of July 2017):

79 Miles of gravity sewer
12 miles of sewer force main
59 miles of storm drain

From 2001 through June 2017, a private vendor operated and maintained all of the Water Pollution Control Division's infrastructure, including the underground piping system. In 2017, a new service contract was executed, and effective July 2017, responsibility for the operation and maintenance of the underground piping systems returned to the Water Pollution Control Division. However, the private vendor still operates and maintains all above ground water pollution control assets, including wastewater treatment facility, pumping stations, CSO treatment facilities, and UV stormwater disinfection system.

c. As set forth above, the allocation of salaries is not based on a mathematical calculation. However, for the relative size of the water and the water pollution control divisions, please see subsections a. and b. above, as well at Newport's response to Div. 5-7.

Prepared by: Julia Forgue

DIV. 5-5: Since the FY 2008 reorganization, has the City, the Utilities Department or the Water Division conducted a study or other analyses to determine the time spent or workload requirements that the Director, Deputy Directors, and Administrative Secretary dedicate to water or water pollution control activities? If yes, please provide copies of the studies or analyses. If no, please explain why no studies or analyses were performed.

Response: After the reorganization of the Department of Public Works into the Department of Public Services and the Department of Utilities there were no studies conducted or analysis to determine the allocation of the salaries for the Director of Utilities, the Deputy Directors and the Administrative Secretary

The 60/40 allocation of the Deputy Directors that was in place for Water/Water Pollution Control, was deemed appropriate for the required level of effort for the Director, Deputy Directors and Administrative Secretary. **In fact, based on the information set forth in Newport's response to DIV. 5-4, it may be that the allocation to the Water Division should be higher, especially considering that a private vendor operates and maintains all above ground water pollution control assets, including wastewater treatment facility, pumping stations, CSO treatment facilities, and UV stormwater disinfection system. By contrast, the Water Division is responsible for all above ground and below ground infrastructure.**

Prepared by: Julia Forgue

DIV. 5-6: Please provide supporting documentation showing the derivation of the 50% used to allocate the Financial Analyst's salary.

Response: There is no formal supporting documentation regarding the allocation of the Financial Analysts salary between Water and Water Pollution Control. The allocation of 50% to each Division was based on review with the Deputy Director-Finance regarding the required time that would be spent between the two funds. **In fact, based on the information set forth in Newport's response to DIV. 5-4, and the fact that the Water Pollution Control Division is not regulated, the allocation should possibly be higher. The Financial Analyst assists in preparing financial information and providing support for Newport Water's PUC rate filings, whereas there are no such responsibilities for the Water Pollution Control Division.**

Prepared by: Julia Forgue

Q. Do you agree with Mr. Morgan's testimony that the "fair and reasonable way" to share salaries and wage costs between the Water and Water Pollution Control Divisions is to "equally allocate the costs to each utility by using a 50 percent allocation factor."

A. No. I do not. Simply because the employees in question work for two divisions within the Utilities Department does not mean the allocation should be 50/50 between Water and Water Pollution Control. As set forth above, the service area for the Water Division is larger; the infrastructure operated and maintained by the Water Division is far more extensive; and, a private vendor operates and maintains all of the Water Pollution Control Division's above ground assets, including the wastewater treatment facility, pumping stations, CSO treatment facilities, and UV stormwater disinfection system. The Water Division has no such private vendor. Furthermore, the Water Division is regulated by the PUC, whereas the Water Pollution Control Division is not. This regulation adds another level of effort on the Water Division to prepare financial information and provide support when Newport Water submits a rate filing to the PUC, and to organize and track expenses between rate filings so that the information is available when Newport makes its filings with the PUC.

Q. On pages 6-7, Mr. Morgan provides a history of the allocations for the four positions that are subject to the 60/40 allocation. Was his testimony accurate?

A. No. Mr. Morgan indicates that the positions for Deputy Director – Finance, Deputy Director – Engineering and the Administrative Secretary were created after a 2008 reorganization of the Public Works Department. Mr. Morgan also indicates that the 60/40 allocation was adopted at this time. Both of these statements are incorrect. In fact, these four positions were created, and the allocations implemented, much earlier. Furthermore, both the Commission and the Division approved the allocations in several dockets.

Q. Can you please provide the history of these four positions and the allocation of their salaries?

A. Yes, the history is as follows:

- When I was hired in 2001, the City of Newport had a single Department of Public Works, which was responsible for both the Water and Water Pollution Control Divisions as well as all other public work responsibilities for the City of Newport.

- At that time, my salary and the Administrative Secretary's salary were allocated as follows:
    - Water- 40%
    - Public Works-40%
    - Water Pollution Control-10%
    - Clean City Program-10%

- In 2001, the position of Deputy Director Utilities already existed within the Public Works Department and was allocated 60% to the Water Division and 40% to the Water Pollution Control Division. This position was an engineering position that required certification as a registered Professional Engineer.

- In 2003, the Financial Analyst position was created and assigned 100% to Water.

- In Newport Water's rate filing in 2005 (Docket 3675), we proposed adding an additional Deputy Director for Finance. The Commission approved this position ***and*** the 60/40 salary allocation.

- Therefore, in 2005 the Public Works Department had two Deputy Directors whose salaries were allocated 60% Water and 40% Water Pollution Control.

- In 2008, the City reorganized the Department of Public Works, which was essentially split into the Department of Utilities and the Department of Public Services.

- The Department of Utilities is comprised of the Water Division and the Water Pollution Control Division.

- However, in 2008 no new administrative positions were created. Rather, my title changed from Director of Public Works to Director of Utilities.

- Furthermore, my salary and my Administrative Secretary's salary were changed from the allocation set forth above to 60/40 between Water and Water Pollution Control, and the allocation of the two existing Deputy Directors remained at that same allocation.

- These changes were presented in Docket 4025 (filed in December 2008 and approved by the Commission in 2009) and adopted.

- Beginning July 1, 2017, the Financial Analyst Position that was previously assigned 100% to water was revised to 50% Water and 50% WPC control when certain functions were returned from the private vendor to the Water Pollution Control Division. Splitting the work 50/50 for this position allowed the Deputy Director – Finance to continue devoting more time to the Water Division even though certain functions of the Water Pollution Control Division were being transferred back to the Utilities Department.

Q. Have the 60/40 allocations been approved by the Commission in each Docket since Dockets 3675 and 4025?

A. Yes they have, and the Division has never objected to this allocation. Based on the information set forth above, Newport Water feels strongly that these allocations should remain in place and notes that Mr. Morgan has presented no evidence to support his request to change these allocations that have been approved and in place for over a decade.

<u>Overtime (Account 50002)</u>

Q. Both Mr. Morgan, representing the Division, and Mr. Bebyn, representing Portsmouth, recommend using a three-year average to calculate overtime rather than the two-year average that Newport proposed. Does Newport agree with this adjustment?

A. Yes. As set forth earlier in my testimony, Mr. Morgan and Mr. Bebyn propose using three-year averages in many instances. Newport generally believes that a two-year average better represents rate year costs, but in many instances the difference is not substantial, and this is one such instance. Newport accepts the Division's position regarding overtime costs because Mr. Morgan agreed to escalate the average to reflect cost of living increases. Newport therefore accepts the Division's recommendation to reduce the proposed amount by $7,311 to a revised total of $270,139. Newport does not agree with Mr. Bebyn's reduction.

<u>Temporary Salaries (Account 50004)</u>

Q. Mr. Morgan, on behalf of the Division recommended that the proposed Temporary Salaries expense be reduced by $14,922 based on a three-year average versus a two-year average of actual costs. Do you agree with his adjustment?

A. Newport does agree, but it should be noted that our rate year projection was based on the number of hours and hourly rates that we expected to spend on Temporary staff, not a two-year average as clarified in Newport's response to Division 2-14. This category of staff is generally used to operate the Sakonnet pump station during high water demand periods and to support the Distribution and Source of Supply sections with seasonal staff. Other sections may also need Temporary Staff on an as needed basis. While the basis of the cost was not a two-year average, Newport will accept the Division's recommendation to use a three-year average for Temporary Salaries.

<u>Employee Benefits (Account 50100)</u>

Q. Mr. Morgan recommended that the Employee Benefits expense be adjusted based on the actual health insurance premium increases and to reflect his revised allocation between the Water and Water Pollution Control Divisions. Mr. Bebyn recommended that the entire Employee Benefits amount be kept at the FY 2018 amount. Do you agree with these adjustments?

A. Newport Water does agree with Mr. Morgan's adjustment to reflect the actual health insurance premium increase, but we do not agree to his other adjustment or Mr. Bebyn's adjustment.

Newport recognizes that the rate year amount should reflect the most recent insurance premiums. However, as set forth in my testimony above, Newport does not agree with Mr. Morgan's reallocation of the salaries and benefits for the four Administrative positions referenced above from the current 60/40 allocation between the Water and Water Pollution Control Divisions. Newport therefore proposes that employee benefits be adjusted by a total reduction of $1,735 with no adjustment resulting from a reallocation of the Administrative function.

Newport Water does not agree with Mr. Bebyn's recommendation that the employee benefits expense be kept at the FY 2018 Test Year level for two reasons. First, as set forth above, Newport agrees with the Division that the rate year insurance benefits should be based on actual premiums, not premiums from 2018. Second, benefits such as FICA and Pension are determined as a percentage of salaries, and the FY 2018 salaries are no longer valid. Attached to my testimony as Exhibit 1 is a recalculation of employee benefits, which shows the actual FY 2020 Health and Dental Insurance premiums as well as the benefits calculated as a percentage of salary.

Mr. Bebyn also notes in his Testimony that there was a balance of $251,801 in the restricted Accrued Benefits account as of March 31, 2019. As such, he suggests that "the restricted Accrued Benefits account has a sufficient balance to cover any incremental Employee Benefits expense." (See Portsmouth response to NWD Data Request 1-1) This is incorrect. The funds in the restricted Accrued Benefits account can only be used to pay for "accrued" benefits paid to employees when they retire or separate from employment. They are not available to offset current employee benefit costs.

Retiree Insurance Coverage (Account 50103)

Q. Mr. Morgan, on behalf of the Division, recommended that the Retiree Insurance expense be reduced by $2,772 based on invoices provided in response to Div. 2-10. Do you agree with this adjustment?

A. Yes. Newport Water recognizes that there were slight variances between the amounts proposed and the invoices produced in response to Div. 2-10. We originally calculated $28,441 and $3,791 for the monthly insurance and drug coverage amounts respectively. As pointed out by Mr. Morgan, the documentation provided in response to DIV. 2-10 showed the monthly amounts as $28,221 and $3,781 respectively. The proposed amounts were therefore slightly overstated by $220 per month for the insurance portion and $10 per month for drug coverage. Accordingly, Newport accepts Mr. Morgan's recommendation to reduce the total annual cost by $2,772.

<u>Worker's Compensation (Account 50105)</u>

Q. Mr. Morgan, on behalf of the Division, suggests an upward adjustment to Newport's rate year Worker's Compensation expense. Do you agree with this adjustment?

A. Yes, Mr. Morgan recognized, based on Newport's responses to the Division's data requests, that Newport's rate year expense for Worker's Compensation Insurance will increase by $58,041 resulting in a total expense of $115,425.81. Newport agrees with this adjustment and thanks Mr. Morgan and the Division for recognizing this increase.

<u>Advertisement (Account 50207)</u>

Q. Both Mr. Morgan and Mr. Bebyn recommend that the Advertising expense be based on a three-year average. Do you agree?

A. Yes, Newport will accept the recommendation by the Division and Portsmouth to use a three-year average for the Advertising account, and we propose a rate year expense of $4,000.

<u>Conferences and Training (Account 50202)</u>

Q. Mr. Morgan, on behalf of the Division, did not recommend an adjustment in his testimony but his schedules reduced the Conferences and Training expense by $280. Mr. Bebyn on behalf of Portsmouth recommended that a three-year average be used and reduced Newport's proposed amount by $10,621. Does Newport agree with these adjustments?

A. No. Newport Water does not agree with either of these adjustments. Mr. Bebyn recommended that this expense be calculated using a three-year average instead of a two-year average. However, Newport did not use a two-year average when developing the proposed expense for Conferences and Training. Instead, and as explained in my direct testimony, we propose to increase the Conferences and Training expense to $19,620 which is slightly less than the $21,620 allowed by the Commission in Docket 4595.

A three-year average is not acceptable is because Newport was forced to put a hold on discretionary spending following Docket 4595 due to a drop in consumption and revenue. For example, attendance at conferences was cancelled and training sessions were postponed due to these budget constraints. This caused FY 2018 spending to be abnormally low. In fact, using either a two or three-year average would effectively punish Newport for cutting expenses due to low consumption. Newport was forced to cut its expenditures for conferences and training because we didn’t collect the revenues allowed by the Commission in Docket 4595 due to declining consumption, which was completely beyond our control. So, the rate year expense should not be based on years when expenditures were cut due to declining consumption.

As I explained in my direct testimony, we would like to return to a normal level originally set by the Commission in Docket 4595. In addition, Newport Water is working toward Distribution Certification for our Meter Section staff so they can be available to assist in repairs of water main breaks. The total continuing education expense for the Meter Section staff is $2,000. This expense for Distribution Certification for the Meter Section staff is in addition to their Backflow Tester and Surveyor certification. Newport has provided detailed descriptions and cost estimates for the proposed conferences and training expense and does not agree that the proposed allowance be adjusted.

<u>Consultant Fees (Account 50220)</u>

Q. Mr. Morgan, Mr Russell, and Mr. Bebyn all recommended adjustments to Consultant Fees. Do you agree with the adjustments?

A. No. The adjustments suggested by Mr. Morgan, Mr. Bebyn and Mr. Russell are for the rate case expense portion of this account. Of the requested $251,625 in this line item, $237,350 is for rate case expense. (See HJS Schedule D-7) The various recommendations of the intervening witnesses are as follows:

- Mr Morgan does not propose any reduction to Newport's original rate case expense, but suggests amortizing the amount over 3 years;

- Mr. Bebyn recommends reducing rate case expense to $150,000 because this figure is "more in line with amounts claimed by the Pawtucket Water Supply Board and the Kent County Water Authority in their rate filings," and amortizing this amount over three years; and,

- Mr. Russell recommends amortizing over 5 years.

Newport disagrees with all of these recommendations. First, it should be noted that the rate case expense originally used was an estimate based on past Dockets. However, each Docket is different. As of this date, Newport has responded to fourteen (14) sets of data requests from the parties in this Docket encompassing two hundred forty-five (245) separate requests (many with multiple subparts). In addition, there is a new intervener in this Docket (Middletown) that has never intervened in prior Dockets. As of July 12, 2019, Newport's rate case expenses in this Docket total $129,963.91. As such, and consistent with PUC practice, the amount of rate case expense should be determined at the conclusion of this Docket. In that way, the exact rate case expense is known and measurable.

As for the amortization period, Newport realizes that rate case expense is typically amortized. However, actual payments of rate case expenses are not amortized. For instance, a portion of rate case expense is the cost of the Division's witnesses, and the Division does not accept payment over a three-year period. Similarly, we have to pay our rate case expenses within thirty days of receiving bills. These payments cannot be made over time.

In response to Comm. 1-26, Newport agreed to amortize its rate case expense over two years. Newport would agree to extend this period to 2.5 years, keeping in mind that Newport will incur additional rate case expense following the conclusion of this Docket for compliance filing issues related to the second step increase. This amount for the compliance filing will not be captured in the amount set at the conclusion of this Docket. In fact, if Newport's proposal to move toward cost of service based rates in step two is adopted, these costs may be more than a typical compliance filing. Furthermore, in response to Newport's data requests to Middletown, Mr. Russell has suggested that his proposals for inclining block rates and a lifeline rate or discount percentage to low income customers may be "better handled during consideration of the second step increase…" (See Middletown Response to NWD 1-31 and 33). Thus, the cost of a compliance filing, which Newport will not be able to recover in rates, could be substantial.

<u>Support Services/Contract Services (Account 50225)</u>

Q. Do you agree with Mr. Morgan's and Mr Bebyn's Adjustments to Customer Service – Support Services?

A. Yes, in part. Newport had previously acknowledged in response to Division Data Request 2-19 that this line item mistakenly included a $5,700 maintenance contract that should be removed, and both Mr. Morgan and Mr. Bebyn made this adjustment.

Q. Do you agree with Mr. Morgan's proposal to remove the cost associated with the Badger Meter system in the second step of Newport's proposed increase?

A. No. Mr. Morgan proposes to remove costs for the Badger system in FY 2022 because Newport is in the process of converting from Badger Meter software to BEACON software. Mr. Morgan indicated that this transition is almost complete according to the City of Newport's website, so Newport won't need funds for the Badger Meter software in FY 2022. However, I believe that Mr. Morgan understandably misunderstood the website because the information regarding Newport's meter system is outdated.

The following excerpt from the City of Newport's website refers to the conversion from a manual walkup system to radio read, also known as drive-by reads, that started in 2008 and was completed in 2018:

> *"Radio Read Meter Reading System - The conversion of the water meter system to new radio read technology is in the final stages of completion. Almost 100% of the system has been converted, which allows the Water Division to consistently and accurately read all meters on a regularly scheduled basis, thus minimizing unaccounted for water, estimated billings, and customer inconveniences."*

The radio read meter reading system remains in use, but the transition from the current Badger Meter software to the BEACON software was proposed to start in the rate year, FY2020, and continue through FY2021, as detailed in the CIP Schedule. However, work will not start until the funding is approved with this Docket, which will be decided approximately halfway through the rate year. As such, work on the proposed conversion most likely will extend into FY2022.The conversion has a one-time capital outlay and ongoing support expenses. Therefore, the proposed adjustment recommended is premature for FY2022 and will result in unrecoverable support expense.

<u>Rental of Equipment (Account 50260)</u>

Q. Do you agree with Mr. Morgan's Adjustment to Heavy Equipment Rental?

A. No. This is another example where using a three-year average is not appropriate because Newport was forced to cut spending due to decreased consumption and decreased revenues.

The funding requested is only marginally different from Docket 4595 and allows Newport to operate much more efficiently.

For example, we will replace a valve on a major transmission line this Fall. The valve is located in a busy intersection and is over 8 feet deep. We could limit the equipment we use to that which we own, but this would not be efficient or wise. Having the ability and funds to rent equipment such as an excavator reduces risks, excavation time, and overall impact to customers. The current projected equipment rental cost for the transmission line project alone is $8,440, and the recommended total rate year amount suggested by Mr. Morgan ($6,717) wouldn't even provide enough funds for this project. This will result in the work taking much longer with increased risks and impacts.

<u>Gasoline and Vehicle Allowance (Account 50271)</u>

Q. Mr. Morgan, on behalf of the Division, recommended that the Gas and vehicle allowance be reduced by $18,680 based on two issues. Do you agree with these adjustments?

A. I agree with the first adjustment, but not the second. The first issue is that in response to Div. 2-29, we acknowledged the inclusion of the cost for a vehicle no longer in service. So, Newport does agree with Mr. Morgan on his adjustment related to this vehicle.

The second issue is that Mr. Morgan pointed out that in response to DIV. 2-29(b), Newport provided supporting documentation showing a total of $203,708 for gas and vehicle expense in FY2017. However, in response to DIV 2-1, which was a summary of costs for FY 2017, Newport reported a total gas and vehicle expense of $153,085. Thus, Mr. Morgan used the lower FY2017 expense of $153,085.

However, Mr. Morgan overlooked Newport's response to DIV. 5-3 f., in which we indicated that the total gas and vehicle expense of $153,085 set forth in response to Div. 2-1 was incorrect due to a key punch error when the spreadsheet was created. In response to Div. 5-3 f., we provided a revised spreadsheet that showed the correct FY 2017 expense of $203,708.

Newport therefore only recommends a reduction of $3,456 in the Gas & Vehicle account in accordance with Mr. Morgan's first adjustment.

<u>Repairs and Maintenance (Account 50275)</u>

Q. Do you agree with Mr. Morgan's Adjustment to Repairs & Maintenance?

A. No. The adjustments to the Repairs and Maintenance Account will considerably affect Newport's operations and the overall dependability of the system. The majority of the costs under the repair and maintenance accounts are service contracts and/or expenses associated with the maintenance of new equipment such as the new Quick Valve used for Fire Protection. Proposing to normalize expenses ignores the realities of reduced consumption and the associated revenue shortfall.

Q. Can you provide examples of how Mr. Morgan's adjustments to Repairs & Maintenance affect existing and/or proposed operations?

A. Yes, the following are some examples of how Mr. Morgan's reductions will affect Newport Water:

<u>Laboratory</u>

The HACH TOC Analyzer service contract costs $3,375, which includes support and required annual calibration. The removal of organic matter from water is critical to TTHM reductions and at times dictates treatment plant operations. The HACH TOC Analyzer offers reliable TOC measurements, giving NWD the data needed in real time to optimize treatment (i.e. PACl dosage, AWT management, and supply selection). A

Service Contract entitles us to receive priority service as opposed to receiving service to the equipment as vendor availability allows.

The laboratories at Station One and Lawton Valley both use a L2300 Tungsten Lamp Turbidimeter and DR3900 Laboratory Spectrophotometer for water analysis that requires a service contract. The contract costs for the equipment at both plants totals $1,000 and includes support and required annual calibration.

The Lab Weights, Balance, and Thermometers require annual certification which costs $825.

The $1,237 budget proposed by Mr. Morgan eliminates the dependability and reliability of the above detailed laboratory equipment. Without the ability to complete in house analyses, we would be entirely dependent on outside vendors and laboratories. This prohibits optimization of treatment in a timely manner, resulting in increased cost for chemicals and carbon.

Station One

The total cost of annual service contracts alone is $36,130, and Mr. Morgan proposes a budget of $40,286. This would leave only $4,156 for all maintenance and repair of SCADA, Raw Water Pumps, DAF and Inspection of the Storage Tank. This will result in required maintenance and/or repair work not being completed.

Lawton Valley

The total cost of annual service contracts alone is $42,725, and Mr. Morgan’s proposed budget of $37,344 would leave a deficit of $5,381. This deficit leaves no funds available for maintenance and repair of SCADA, Raw Water Pumps, DAF and Inspection of the

Storage Tank(s). The result for Lawton Valley is even worse compared to Station 1, because annual preventive maintenance contracts (e.g. Building Systems & A/C, DAF Compressors, etc.) would have to be canceled to address the deficit.

Fire Protection

Mr. Morgan's proposed budget of $20,394 essentially eliminates the funding for consumables related to use of the Romac Quick Valve. The Romac Quick Valve assembly performs as a water control device with an effective shutoff of the flow of water under water pressure without any interruption of water service. The Romac Quick Valve equipment was acquired to reduce required shutdowns and the associated risks.

Reservoir Maintenance (Account 50277)

Q. Do you agree with Mr. Morgan's Adjustment to Reservoir Maintenance – Source of Supply?

A. No. Mr. Morgan made his adjustment because the proposed rate year expenses are higher than the previous three fiscal years. This is another expense where a backward looking three-year average should not be used because it does not consider present circumstances. As I indicated in my direct testimony, The Rhode Island Department of Environmental Management (RIDEM) issued a Notice of Violation (NOV) relating to dam safety violations at Lawton Valley Reservoir Dam, Paradise (Nonquit) Pond Dam, Harold E. Watson Reservoir Dam, Sisson Pond Dam, St. Mary's Pond Dam, Nelson Pond Dam, Gardiner Pond Dam, Easton Pond North Dam, and Easton Pond South Dam.

We have been actively working with RIDEM's Dam Safety Engineer in addressing the NOV, and Newport reached a consent agreement that requires us to address the violations. Therefore, increased maintenance, repairs and capital projects are still required and will be ongoing for the foreseeable future. Newport Water has implemented a Water Division Dam Inspection, Operation & Maintenance Plan, which includes continuous improvement and adjustment provisions. For example, the invasive plant Common Reed (Phragmites australis) is impeding the inspection of Zone 5: Downstream Toe Area and providing ideal habitat for burrowing animals, which creates holes and tunnels affecting the embankments. Implementation of phragmites control efforts will need to include areas of the marsh and marsh periphery upstream around North Easton Pond, South Easton Pond, Paradise Pond and Gardiner Pond. A common treatment for control of phragmites here and throughout the species range includes herbicide application followed by mechanical (mow/cut) treatment, which will be applied in the fall when plants are in full bloom.

Regulatory Expense (Account 50280)

Q. Mr. Morgan, on behalf of the Division, recommends that the proposed Regulatory Expense of $1,500 be removed as an allowable expense because it includes fines and penalties. Do you agree with this adjustment?

A. Newport agrees that fines and penalties are not appropriate costs to be recovered from ratepayers. Newport therefore proposes that the account be reduced from $1,500 to $500 to cover miscellaneous non-fine expenses only.

Regulatory Assessment (Account 50281)

Q. Mr. Morgan recommended that the proposed Regulatory Assessment amount be reduced based on an analysis of recent PUC fees, and Mr. Bebyn recommended that the Regulatory Assessment for the rate year FY 2020 be kept at the FY 2018 level. Do you agree with these adjustments?

A. Newport agrees with Mr. Morgan, but not Mr. Bebyn. Newport Water projected a portion of this account based on the annual PUC Assessment invoices received through FY 2018. In his analysis, Mr. Morgan added the FY 2019 invoice, which reduces the calculated amount for the rate year. We therefore agree with the Division’s $17,432 reduction. However, we do not agree with Portsmouth's recommendation to freeze the amount at the FY 2018 balance. As shown in Mr. Morgan's analysis there has been an 8.14 % average increase in the PUC's assessment since FY 2014.

<u>Water/Sewer Charge (Account 50305)</u>

Q. The Division adjusted the requested amount for Water/Sewer Charges by using a three-year average for the Station 1 and Lawton Valley Water Treatment Plants versus the proposed two-year average. Do you agree with this adjustment?

A. Yes. Newport agrees to use a three-year average for the sewer charges for Station 1 and Lawton Valley. In addition, the sewer rate for FY2020 did not change as anticipated when the filing was made. Therefore, the sewer rate to be used with the three-year averages is $19.80/1000 gallons. This results in an overall rate year expense in the amount of $561,409.

<u>Electricity (Account 50306)</u>

Q. Mr. Bebyn representing Portsmouth recommended that the rate year Electricity expense be reduced by $84,869 based on Newport's projection of FY 2019 costs and a sufficient balance in the restricted Electricity Account if Newport experienced increased electric costs. Do you agree with this adjustment?

A. Newport does not agree with Mr. Bebyn' specific adjustment, but does agree to adjust the requested rate year expense. Newport's proposed rate year expense for electricity was $754,869. In Newport's response to DIV. 6-3, the three-year average electricity cost was calculated to be $727,137. Thus, we propose using this three-year average, which represents a $27,732 reduction from the originally proposed rate year amount.

As show in Newport's response to Div. 6-3, electricity expenses can fluctuate from year to year and electricity is one of Newport's most important expenses. However, Mr. Bebyn is correct that Newport has a balance in the restricted account, which was in the amount of approximately $369,000 as of June 30, 2019. Therefore, we propose to transfer $250,000 from the restricted electric account to the restricted chemical account, in conjunction with using a three-year average for electricity expense. For more information on the Chemical account, please see my testimony below.

Natural Gas (Account 50307)

Q. None of the witnesses representing the Division, Portsmouth, Middletown or the Navy recommended any adjustment to the proposed Natural gas expense. Is Newport now proposing a change in the amount?

A. Yes. Newport Water recently responded to Division Data Request 6-4 regarding information needed to calculate a two and three-year average of natural gas costs. During preparation of that data response it was discovered that there was an error in the FY 2018 amount used to calculate the proposed Rate Year amount. Newport therefore proposes that the three-year average for natural gas of $61,302 be used in place of the $49,160 amount originally proposed, which represents an increase of $12,142.

Property Taxes (Account 50308)

Q. Does Newport agree with Mr. Morgan's adjustment to the Property Taxes account?

A. Yes, Newport accepts the recommended reduction of $10,231 to the requested amount as calculated by Mr. Morgan.

Operating Supplies (Account 50311)

Q. Mr. Morgan recommended that Operating Supplies be "normalized" over a three year period and Mr. Bebyn suggests using a three-year average. Do you agree with these adjustments?

A. No. We provided a detailed breakdown of proposed rate year expenses for Operating Supplies in our original filing and response to Division 2-37, which supports our request. The overall view that we have proposed a significant increase is misleading. In Docket 4595, Operating Supplies was funded at $51,972, yet in this Docket, we have proposed a reduction to $48,500.

Furthermore, the last three years are not a “normal” level of expenditures. This is an area where we were forced to reduce expenses due to lack of revenues. This forced us into a posture of reactive maintenance, rather than preventative maintenance, with less supplies being used. If we have to continue spending at the reduced level suggested by the Division and Portsmouth, then this policy of reactive maintenance (also known as breakdown maintenance and/or run until failure maintenance) will have to continue. This is not optimal for either Newport Water or its customers. While reactive maintenance may result in short term savings, over the long-term it will be more expensive and less reliable This does not benefit our customers, it only delays and increases the ultimate cost. It is a method of operations and associated risk that we neither suggest, nor support.

Rather, it is our intention, with the projected water sales adjustments in this Docket, to return to proactive maintenance that will require the expense level we originally requested.

In addition, Mr Bebyn indicates that his proposed reduction to Operating Supplies is based on NWD’s response to Division 2-37. However, Division 2-37 only addressed rate year Operating Supplies expenses in 4 of the 6 accounts (i.e. the expenses in HJS Schedule D-9 through D-12 as referenced in the request). Division 2-37 did not request information regarding the Operating Supplies for the Customer Services and Distribution accounts.

Uniforms and Protective Gear (Account 50320)

Q. Mr. Morgan recommended that the expense for Uniforms and Protective Gear be "normalized" over a three-year period and Mr. Bebyn suggests using a three-year average. Do you agree with these adjustments?

A. No, this is another expense where using a three-year average does not accurately reflect the proposed rate year expense. As previously explained in my Direct Testimony, the majority of the increase is due to the new proposed expense for providing uniforms for all Water Division staff, with the exception of those in administration and in-house "office" customer service staff. Again, it must be noted, uniforms are **not** currently provided, but are proposed to be provided resulting in the increase requested for the rate year. Uniforms would be provided with a uniform company, mirroring what is in place for the Water Pollution Control employees. The normalization over a three year period eliminates our ability to provide uniforms. In turn, this eliminates our ability to provide staff with a professional appearance that is immediately identifiable to our customers.

Chemicals (Account 50335)

Q. Mr. Morgan recommended that the expense for Chemicals be "normalized" over a three year period and Mr. Bebyn suggests using an amount based on adjusted amounts for FY2019, and the size of Newport's balance in the restricted chemical account. Do you agree with these adjustments?

A. No. I do not. Chemicals are perhaps Newport Water's most important expenditure. Without chemicals, we cannot provide proper treatment and cannot deliver potable water. Mr. Morgan suggests a rate year allowance of $683,209, yet the total chemical expenditure for FY2019 was $1,001,002. Thus, if Newport had the allowance suggested by Morgan in FY2019, we would have had shortfall of $317,793. Mr. Bebyn suggests a rate year expenditure of $919,956, which is $81,046 less than Newport actually spent in FY2019. Mr. Bebyn points out that Newport had a balance of $231,707 in the restricted Chemicals account as of March 31, 2019, which can be used to cover the reduction he suggests "for more than three years…" However, by June 30, 2019, the balance was $82,867.98. Thus, if Newport had the allowance suggested by Bebyn for FY19, we would have had to use the balance in the restricted account to make up the deficit, which would have only left us with a balance of $1,821.98 going into FY2020.

As it is, Newport only had a balance of approximately $96,000 on July 31, 2019, and two AWT vessels are scheduled for replacement at Station 1 on August 21 and 22, 2019, and two are scheduled for replacement at Lawton Valley on August 28 and 29, 2019. The replacements cost $41,814 per vessel for a total cost of $167,256. After Newport makes the monthly deposit of $63,481.83 to its restricted Chemical account in August, it will only have a $159,481.83 balance to meet these expenses. In all likelihood, Newport will not have to pay the bills for these replacements until September, but this illustrates the need for a larger balance in this important account.

We propose to keep the rate year expense ($994,956) in our original filing, which is less than the amount spent in FY 2019. In addition, as set forth above in my testimony, we propose to shift $250,000 from the restricted electricity account to the chemical account. The chemical account is restricted, and funds can only be used for treatment chemicals. Since this is such a vital expense, we need to build the balance back up in case of any increased expenses.

As I explained in my Direct Testimony, the majority of the requested increase is associated with the replacement of carbon for Advanced Water Treatment (AWT) and the additional use of more expensive chemicals for treatment of the raw water supplies. We maintain that the requested chemical budget is absolutely necessary in order to provide the drinking water quality our customers expect and deserve. As such, I am providing additional detailed information regarding the chemicals referred to in my Direct Testimony:

Carbon- Advanced Water Treatment (AWT)

The usage rate for an AWT Vessel is variable depending on contaminants type, concentration, flow rate, etc. Though it may be an over-simplification, each AWT carbon vessel has a fixed level it can adsorb. Once this level is reached, the vessel is exhausted and requires replacement and/or reactivation of the carbon. The current cost for replacement with Virgin Granular Activated Carbon is $67,578 per vessel and $41,814 for Custom Reactivated Carbon. As explained below, Newport has been able to achieve this 38% savings by using Custom Reactivated Carbon.

Station 1 has eleven (11) AWT vessels and Lawton Valley has nine (9). Presently, Station 1 has four (4) exhausted vessels and Lawton Valley has three (3), all of which require reactivation, representing a $292,698 obligation. Additionally, six (6) other AWT vessels in active use are projected to become exhausted requiring carbon regeneration by the end of year. We have utilized the Total Organic Carbon (TOC) data we collected since 2014, when the new plants went into service, to predict when an AWT vessel will be exhausted. We have found that the TOC loadings from our water supplies have exhausted the AWT vessels at a rate more rapid than projected from design. Newport Water's proposed funding for carbon regeneration for four (4) AWT vessels annually at each plant for a total of eight (8) is both prudent and necessary. The chemical expense adjustments recommended by the Division and Portsmouth prohibit the required level of AWT vessel regeneration and will result in the progressive loss of AWT capacity.

In addition to the loss of treatment capacity, the 38% savings by using Custom Reactivated Carbon would be at risk. We have worked with our carbon vendor to establish swing loads minimizing down time of the vessels. Our exhausted carbon is never co-mingled with other carbon. Rather, the swing load is segregated, reactivated, stored and returned when needed. If too many vessels require regeneration, a swing load would not be available and virgin carbon required.

Algaecides- source water treatment

The quality of our available source waters is the primary issue regarding TOC levels, which are monitored throughout the treatment process for optimization. This source water quality issue coincides with yet another chemical budgetary issue. Copper sulfate and Green Clean Pro are the chemicals used to actively manage source water quality. Copper sulfate applications are limited by our permit from the RIDEM. Green Clean Pro, while costly, provides a necessary alternative to copper sulfate. Green Clean Pro supplements many of the limitations of copper sulfate. It allows for spot treatment, there is no restriction in dosage or interval, and most important, it alleviates the need to alternate source waters before application. A reduction in our chemical budget will result in reduced treatment of the source water, which in turn will increase the chemical usage required for the treatment processes.

<u>Laboratory Supplies (Account 50399)</u>

Q. Mr. Morgan recommended that the expense for Laboratory Supplies be "normalized" over a three-year period, and Mr. Bebyn suggests using an amount based on a three-year average. Do you agree with these adjustments?

A. No. Mr. Morgan and Mr. Bebyn both seek to adjust Laboratory Supplies expenses based on historical amounts over the past three years. The adjustment disregards new regulations, changing conditions and required improvements. Regulatory changes and Newport's complex and challenging raw water supplies, which is addressed in more detail below in my testimony, have required additional analysis in order to analyze and optimize raw and finished water. We have considerably increased self-performed analysis to monitor treatment performance and establish a history for the laboratory's records (e.g. Manganese, Copper, Chlorates, Chlorides, Hardness, UV 254, Algae, etc.). The additional monitoring requires additional supplies (i.e.

buffers, reagents, standards, titrators, etc.). The expanded analysis also allows for optimization of treatment with the necessary chemical applications. The detail of the Water Laboratory's proposed rate year purchases is provided in the response to Division 2-26 and is a necessary level of expenditure.

Self-Insurance (Account 50505)

Q. Mr. Morgan, on behalf of the Division, recommended that the proposed Self-Insurance Cost of $5,000 be removed because no claims are currently pending and that the cost is infrequent. Do you agree with this adjustment?

A. Newport Water recognizes that liability claims are infrequent. However, liability claims do occur, and Newport does have a deductible when a payment is made by Newport's insurance carrier. As Mr. Morgan noted, Newport had such a claim in FY 2018. In order to cover small claims and a potential deductible, Newport proposes that the account be reduced by $2,500 which would provide for a $2,500 allowance for such matters.

III. NON-RATE REVENUE

Q. Mr. Morgan proposed that certain Non-Rate Revenue line items be adjusted by growth rates that results in a collective increase in Non-Rate Revenues of $110,524. Does Newport agree with this adjustment?

A. Newport Water strongly disagrees with the proposed adjustments. At the outset, it should be noted that when arguing for adjustments to expenses, Mr. Morgan consistently argued that two-year averages should be avoided and should be replaced with three-year averages. Now Mr. Morgan argues that when it comes to Non-Rate Revenue, we should disregard the three-year average approach and predict future revenue based on the percentage changes in revenue from FY 2016 to 2018. In addition, Newport refutes the basic argument that there is a "demonstrated consistent growth of these revenues" as examined in more detail below.

Rental of Property

Mr. Morgan's growth trend is based on the percentage change in revenue from FY 2016 and 2018. Newport calculated the trend for the years FY 2015 to FY 2018 for property rental income and found there was no consistent growth trend. Newport proposed that $90,000 be used for rental income, which is derived from property rented to cellular phone companies for their cell towers. From the table below, Newport shows the % growth in revenue for both three years and for four years. It also shows three-year and four-year average income. When the fourth year is added to the calculation it shows that there is actually no consistent growth trend. The growth percentage drops from just over 3% for three years to slightly more than .5% for four years. Also, the three and four-year average income is both about $91,000. Newport initially proposed $90,000 while Mr. Morgan recommended $95,294. Based on either three or four-year average income, and the fact that there is no real growth trend, Newport would agree to increase its property rental by $1,000 to a total of $91,000.

DIVISON	2015	2016	2017	2018	% change	Average 3 yr. & *4 yr.*
Rental of Property		$89,533	$90,960	$92,371	3.17%	$90,955
					Recommended	$95,294

NEWPORT *Rental of Property*	*$91,893*	*$89,533*	*$90,960*	*$92,371*	*0.52%*	*$91,189*
					Proposed	*$90,000*

WPC & Middletown Share of Customer Service

Newport will address the proposed adjustments to these two revenue accounts together because they are calculated in the same manner and derived from the same data.

As background, each year Newport bills the Town of Middletown and the Newport Water Pollution Control Division for their respective share of customer service costs incurred by the Water Division. The percentage share is calculated annually based on the number of customers in each category. The shared cost items are the Water Division's customer service O&M costs, debt service for the radio read system acquisition, and the annual budget for meter replacements. The primary driver of the total customer service cost are O&M costs, as they account for between 66% to 70% of the total cost pool. The debt service portion changes very little from year to year. The third component, meter replacement costs, which account for less than 10% of the total cost, has increased at a modest +/-4% pace over the last several years. The O&M costs are determined by the amount approved in the docket then in effect. For example, the amount approved for O&M in FY 2015 and FY 2016 was $613,500 as per Docket 4355. Following approval of Docket 4595, the O&M amount rose to $726,526. Additional explanations and documentation for these costs can be found in Newport's Responses to Middletown's Data Requests 3-7 and 3-8. Basically, Newport's income for both Non-Rate Revenue items changes only when the underlying O&M costs change.

Non-Rate Revenues increased from approximately $292,000 and $148,000 for the Water Pollution Control Division and Middletown respectively in FY 2016 to approximately $328,000 and $166,000 in FY 2018 respectively. This was the result of the O&M costs increasing from $614,000 in FY 2016 to $727,000 in FY 2017. Subsequent to this change in costs, the Revenue from the Water Pollution Control Division and Middletown has stayed fairly consistent at about $330,000 and $167,000 respectively. There is therefore no consistent growth for this revenue.

In this rate case, Newport proposed to keep revenue for these accounts at basically current levels. A better determination of revenue depends on the O&M for customer service costs referenced above that will ultimately be approved in this Docket. Thus, Newport proposes that the increase for these two categories of Non-Rate Revenue be calculated at the conclusion of this Docket based on the final approved amount of O&M for customer service costs.

Sundry Charges

Newport also does not agree that Sundry Charges Revenue should be determined on a two-year trend analysis. Sundry Charges encompass a number of miscellaneous fees and charges paid by our customers. For example, it includes meter testing fees, repair of damaged meters caused by the customer, laboratory water testing fees, temporary meter rentals, shut off fees and various other charges. Except for the daily meter rental fee which increased from $5 per day to $10 per day, these miscellaneous charges have been unchanged since at least FY 2013. Therefore, there is no fundamental cause of the increase from year to year. This is not a situation where prices went up, so revenue went up. The fluctuation in revenue from year to year depends on the number of fees incurred and the frequency with which they occur. Newport prepared the following table that shows the revenue by fiscal year for Sundry Charges for the last three years, which was the basis of Newport's proposed revenue offset for Sundry Charges.

	2016	2017	2018	% change	Average 3 yrs.
Sundry	$120,239	$134,714	$144,002	19.76%	$132,985
			Newport	Proposed	$133,000
			Division	Recommended	$193,430

Note that the FY 2018 Sundry Charges originally reported as $152,508 was in error.
The correct revenue amount for FY 2018 was $144,002 as shown in MID DR 3-6

Additionally, Newport has not proposed any rates changes in this Docket that could cause an increase in the amount of Sundry Charges. And lastly, as reported in the response to Middletown DR 3-6, the forecasted Revenue amount for FY 2019 is $119,000. While this is a preliminary and unaudited amount, it is consistent with a revenue amount that is variable and does not lend itself to the Division's proposed consistent percentage growth analysis approach. Therefore, Newport does not agree with the proposed adjustment to Sundry Charges.

IV. TOWN OF MIDDLETOWN'S PROPOSALS

Q. Did the Town of Middletown's witness make any singular proposals that were not made by the other intervening parties' witnesses that you would like to address?

A. Yes, I would like to address three proposals made by Mr. Russell:

1. His suggestion that the PUC compare Newport's rates to those of other utilities;
2. His proposed changes to the funding of Newport's Capital Improvement Plan (CIP); and
3. His proposal regarding customer assistance programs.

Newport's Water Rates Compared To Other Utilities

Q. Mr. Russell claims that Newport's rates are higher than those of other utilities in Rhode Island, Massachusetts and Connecticut. Do you believe this is a fair comparison?

A. No, I do not. Mr. Russell presents the rates of these utilities as though they can be compared to Newport's on an apples to apples basis, which they cannot. As Mr. Russell acknowledged in his response to Newport Data Request 1-2 d., "Clearly comparisons with a particular utility are not useful unless the circumstances are very similar." Mr. Russell's testimony does not contain any details about the other utilities that would indicate their circumstances are "very similar." Furthermore, he does not seem to recognize the uniqueness of Newport's system.

Q. Can you elaborate on Newport's uniqueness?

A. Yes. Newport's primary distinguishing feature is its multiple complex water sources and significant treatment challenges, which I will explain in more detail:

Raw Water Quality

Unlike most systems that use a single water source, Newport Water relies on nine reservoirs:

- North and South Easton ponds (Middletown and Newport);
- Gardiner Pond (Middletown);
- Paradise Pond (Middletown);
- St. Mary's Pond (Portsmouth),
- Sisson Pond (Portsmouth);
- Lawton Valley Reservoir (Portsmouth);
- Nonquit Pond (Tiverton); and,
- Watson Reservoir (Little Compton)

All of these supplies, with the exception of the Watson Reservoir, are very shallow and all nine supplies have a wide range of water quality and exhibit degraded water quality with moderate to severe nutrient enriched conditions, frequent algal blooms, cyanobacteria blooms, and low levels of dissolved oxygen.

Newport also struggles with turbidity as compared to other utilities. For comparison, crystal-clear water has turbidity below 1 nephelometric turbidity units (NTU) and water becomes visibly cloudy at 4 NTU. From 2016 to the present, Newport's average raw water turbidity has been 4.06 NTU. During this same period the best raw water turbidity was 1.51 NTU and the worst was 19.9 NTU. For comparison, Providence Water's average raw water turbidity is 0.2 - 0.3 NTU and has not exceeded 0.5NTU in the last ten years. The Pawtucket Water Supply Board reports an average raw water turbidity of 1.0 to 2.0 NTU with absolute worst treated as 5.0 NTU.

Drinking Water Regulations require that treated water not have a turbidity higher than 1.0 NTU at the plant outlet and all samples for turbidity must be less than or equal to 0.3 NTU for at least 95 percent of the samples in any month. Newport Water has maintained compliance with the Turbidity standard despite the raw water quality.

Surface Water vs. Groundwater

Furthermore, some of the systems Mr. Russell used for comparison (i.e. Kent County Water, Suez Water, Douglas, MA, Seekonk MA, Uxbridge MA, East Lyme CT, Groton CT, Ledyard CT and Noank CT) are supplied by groundwater, whereas Newport is supplied by surface water. Thus, these systems don't present an apples to apples comparison. While both surface and ground water can carry contaminants, surface water is much more prone to contamination. Ground water contains less contamination and disease causing microorganisms than surface water because the soil structure acts like a filter removing contaminants. Newport's surface water supplies are also susceptible to contamination from storm water runoff from the developed watersheds that drain to the reservoirs. Any comparison of Newport's raw water supplies to a water system wholly or partially supplied by groundwater is not a fair comparison.

Treatment Complexity

Newport uses a complex treatment process that requires the right combination of treatment processes at two plants to treat water coming from multiple sources. This process consists of preoxidation (using chlorine dioxide), clarification (using dissolved air flotation or "DAF"), conventional filtration (granular activated carbon), advanced water treatment (AWT), disinfection (using chlorine), and treatment (adjustment of the pH) to control the corrosivity of the water. For advanced water treatment (AWT), granular activated carbon (GAC) contactors were selected to target enhanced removal of TOC for disinfectant by product compliance (TTHMs). In fact, we are the only water system in Rhode Island that requires AWT in the treatment process. The fact that Newport Water depends on the AWT for approximately three quarters of the year to treat the water supplies to meet compliance illustrates the challenges we face with raw water supplies.

Through monitoring and analysis, Newport Water maximizes conventional treatment to provide the highest quality water possible and uses the AWT process as needed to meet drinking water standards. This is not a simple process and is affected by multiple independent variables (e.g. Turbidity, pH, TOC, temperature, wind direction, biological composition and diversity of the source, etc.) Some of these variables such as the biological composition and diversity of the source are too complex, time consuming and expensive to use in the treatment optimization. Therefore, surrogate parameters are analyzed (e.g. TOC, UV254, pH, Turbidly) to allow for rapid optimization of source water supplies, conventional treatment, and utilization of AWT.

Q. Are there any other factors that impact Newport's rates in comparison to other utilities?

A. Yes. Newport has made substantial capital investments in the past few years. As the Commission will recall, since 2008, Newport had been planning significant capital projects at its two water treatment plants – Lawton Valley and Station 1. The projects included the design and construction of a new Lawton Valley Water Treatment plant and significant improvements to the Station 1 Water Treatment Plant (collectively the "WTP Projects"). The WTP Projects addressed anticipated future water quality regulations, treatment capacity, and reliability needs. The Commission approved funding for the WTP Projects primarily in Docket 4243, which allowed Newport to increase rates through a multi-year rate increase to service the necessary debt. The Station 1 Plant went into full scale operation on July 31, 2014, and the new Lawton

Valley Plant went into full scale operation on September 17, 2014, both ahead of schedule. The final cost of the WTP Projects was $71,136,433, which necessarily impacted rates.

Newport's CIP Funding Plan

Q. Do you agree with Mr. Russell's suggested changes to Newport's plan of finance for the CIP?

A. No. Mr. Russell's plan makes two changes to our plan of finance for the five-year CIP. First, he suggests funding the Reservoir Road Tank Improvements and Forest Avenue Pump Station Retrofit Improvements with debt rather than Infrastructure Replacement (IFR) funds from our restricted Capital Account. Second, he suggests adding additional debt and changing the timing of borrowings for the System-Wide Main Improvements. Ms. Gurghigian addresses issues regarding his use of debt, but I would like to point out additional issues regarding the System-Wide Main Improvements.

Q. What issue do you have with his plan regarding the System-Wide Main Improvements?

A. The System-Wide Main Improvements will be constructed under two separate contracts that will be funded by two separate borrowings. The first borrowing will be made in April 2020 and will provide $4,000,000 in project funds, which will provide the monies needed under the CIP for Fiscal Year 2020 ($1m), Fiscal Year 2021 ($2.5m) and Fiscal Year 2022 ($500k). Following the closing, Newport will award a single contract for the first phase of this project covering these three fiscal years.

Under Mr. Russell's plan, the $4,000,000 in funds needed to fund the CIP for Fiscal Years 2020 - 2022 are borrowed in a piecemeal fashion – ($1.0m BAN in FY2020, $2.5m BAN in FY2021, and a $4.406m full borrowing in FY2022). This presents a problem because it does not allow Newport to award a single contract for the first phase in FY2020. Without knowing it has the money available, Newport cannot award the contract for work to be done in Fiscal Years 2020 -

2022. Further, a contractor won't enter into a single contract for this work unless it knows Newport has the funds available for full payment of the contract. Furthermore, according to Ms. Gurghigian's testimony, there is some risk involved with using BANs.

The same is true of the second borrowing and contract. This borrowing will be made in April 2022 and will provide $2,750,000 in project funds for the system wide main improvements in FY2023 ($2.5m) and FY2024 ($250k), and following the closing, we will award a single contract for this work.

Under Mr. Russell's plan, the $2,750,000 in funds needed to fund the CIP for Fiscal Years 2023-2024 are also borrowed in a piecemeal fashion – ($1.5m BAN in FY2023, and a $3.036m full borrowing in FY2024). This presents a problem because without knowing it has the money available, Newport cannot award a single contract for the work in FY2023 and FY2024. Further, a contractor won't enter into a single contract for this work unless it knows Newport has the funds available for full payment of the contract. Furthermore, according to Ms. Gurghigian's testimony, there is some risk involved with using BANs.

Q. Do you agree with Mr. Russell's plan?

A. No, I do not. Currently, Newport has a straightforward and simple plan. Many of the projects in the CIP can be funded with IFR funds without increasing Newport's annual contribution toward its restricted Capital Account, which in turn means no rate increase for these projects. This includes the Reservoir Road Tank and Forest Avenue Pump Station. On the other hand, Mr. Russell's plan calls for five separate borrowing for these two projects.

For the system-wide main improvements, Newport has a straightforward and efficient borrowing plan. Newport will make two borrowings and the funds needed for the second borrowing won't result in an increase until the second step in FY 2022. These two borrowings will provide the necessary funds for Newport to award contracts in FY 2020 and FY 2022. On the other hand, Mr. Russell proposes five separate borrowings, which will require Newport to award multiple contracts based on the availability of funds from these borrowings.

Lifeline Rate/Low Income Discount

Q. Do you have any comments on Mr. Russell's suggestion that Newport implement a lifeline rate or a discount to low income customers?

A. Yes. At the outset I note that in response to Newport's data requests, Mr. Russell is no longer advocating that his suggestion be implemented in the rate year. In addition, it does not appear that Mr. Russell examined the need for such a rate or discount, and he has not provided enough detail about how it would be implemented or how it would affect the rates of Newport's other customers. (See Middletown's Response to Newport Water's Data Requests 1-33 through 1-35) Furthermore, Mr. Russell cites R.I.G.L. § 39-2-5 as a law that would allow Newport to implement such rate or discount, and it is my understanding that according to this law, the Division would have to approve any such rate or discount.

V. NAVY WHEELING ACCOUNT

Q. Can you provide some background on the Wheeling Accounts with the Navy?

A. Yes. The 1986 Amendment to the Water Service Agreement between the City of Newport and the Navy identifies 23 accounts for which water service is provided from the Navy's water system, but is metered and billed by Newport Water. (See Newport response to Navy Data Request 2-7) The amendment also provided that Newport Water will credit specific Navy meters with the metered water usage from the 23 accounts. (See Newport's response to Navy Data Request 2-8) All but one of the 23 accounts are located in the Melville area of the Town of Portsmouth well beyond the limits of Newport Water's distribution system in Portsmouth. One account is for property (Eisenhower House) located at Fort Adams in Newport, which is privately owned.

Q. Were you employed by the City of Newport when the Contract Amendment was executed between the City and the Navy?

A. No. But it was explained to me that the agreement was part of a State of Rhode Island economic development initiative in the Melville area, and at that time the Navy was not able to bill individual customers for water, so the wheeling accounts were established to allow water service for the development.

Q. Is there any benefit to Newport water having these wheeling accounts?

A. No. We have continued metering and billing the accounts for water only due to the Contract Amendment.

Q. Did the Navy contact you recently regarding the Wheeling Accounts?

A. Yes. The Navy requested a meeting in June 2017 to discuss taking back the wheeling accounts in order to direct bill the accounts. It was explained to me that this would allow the Navy to bill the accounts for sewer usage. The accounts apparently are also connected to the Navy's sewer system and the Navy wanted to recover costs. At the meeting, I indicated that while I was not opposed to stopping the wheeling arrangement, transferring the accounts back to the Navy would result in a decrease in revenue. The wheeling accounts are charged the retail non-residential rate of $11.22/1000 gallons, and if converted to a Navy account, the revenue Newport Water would receive would be based on the Navy's wholesale rate of $6.519/1000 gallons. As such, I indicated that converting the accounts should be done in conjunction with a PUC rate filing in order to make the necessary adjustments to Newport Water's revenue. This process would include executing a contract amendment with the Navy.

Q. Have you advised the Navy of the necessary steps to transfer responsibility for these wheeling accounts back to the Navy?

A. Yes, on May 24, 2019, in response to Navy Data Request 2-4, I outlined the minimum requirements that would be needed. These steps include a modification to the Navy Water Service Contract.

Q. After providing your response to the Navy's Data Request, has anyone from the Navy contacted you in an effort to modify the existing contract?

A. No, and if the contract is not modified before the end of this Docket, we won't be able to modify it until Newport's next rate case because of the effect it will have on the revenues the Commission ultimately approves in this Docket.

Q. The Navy's direct testimony indicates they do not receive compensation for O&M distribution system expenses related to the wheeling accounts. Is this correct and was this discussed at the meeting in June 2017?

A. Newport does not compensate the Navy for O&M distribution expenses because the 1986 Contract Amendment negotiated between the parties did not contain any provision calling for Newport to compensate the Navy, other than the billing credits. Furthermore, at the June 2017 meeting, the Navy never raised the issue of wanting to be compensated for O&M expense. As indicated above, the Navy was primarily interested in the ability to direct bill the accounts for sewer usage when we met in June 2017. Furthermore, as Mr. Collins noted in his testimony, this is a contractual issue between Newport and the Navy.

Q. Did the Navy contact you at any other time regarding the wheeling accounts?

A. Yes, shortly after Newport Water filed the application to change rates in this Docket, the Navy scheduled a conference call on April 30, 2019 to again discuss transferring the wheeling accounts back to the Navy. I again explained while Newport Water was not opposed to transferring the accounts back to the Navy, we needed the Navy to formally make the request so that the consumption involved would be transferred from retail to wholesale in the rate model in this Docket. During this call there was no mention of recovering O&M distribution costs.

Q. What is Newport Water's position on the Wheeling Accounts?

A. Newport Water has been providing the metering and billing of the individual accounts and crediting the Navy. The agreement is of no benefit to Newport Water as all but one of the accounts is well outside our retail service area. Newport Water is willing to amend the Contract with the Navy to return the accounts to the Navy's full responsibility subject to the steps outlined in Newport's response to Navy Data Request 2-4 and consumption being transferred from retail to wholesale so that revenue received by Newport water is not negatively impacted.

VI. CONCLUSION

Q. Does this conclude your rebuttal testimony?

A. Yes it does.

EXHIBIT 1

City of Newport Water Division
RIPUC
DIV 2-7a.
Data Response Benefits
REVISED with ACTUAL HEALTH & DENTAL PREMIUMS

Title	Total Salary for 2020	7.65% FICA MEDIC	21.96% Pension	Retirement Sav Plan 1% < 10 yrs svc 403b Plan	*FY 2020 ACTUAL Premiums Health Plan*	*FY 2020 ACTUAL Premiums Dental*	Health Plan City funding High Deduct.	Life Insur.	Health Plan Employee Share	Total Benefits
UTILITIES										
WATER										
Admin										
Director of Utilities	145,578	11,137	31,969	-	*20,870*	*$1,045*		83	(3,130)	61,974
Director of Utilities	(58,231)	(4,455)	(13,242)	-	*(8,348)*	*(418)*	-	(33)	1,252	(25,244)
Administrative Asst	58,310	4,461	12,805	583	*20,870*	*$1,045*		83	(3,130)	36,717
Administrative Asst	(23,324)	(1,784)	(5,122)	(233)	*(8,348)*	*(418)*	-	(33)	1,252	(14,687)
Dep.Dir., Util/AssocDirFin-Util	111,221	8,508	24,424	1,112	*20,870*	*$1,045*		83	(3,130)	52,913
Dep.Dir., Util/AssocDirFin-Util	(44,489)	(3,403)	(10,117)	(445)	*(8,348)*	*(418)*	-	(33)	1,252	(21,512)
Dep.Dir., Util Engineer	127,219	9,732	27,937	1,272		*$1,045*		83	-	40,070
Dep.Dir., Util Engineer	(50,888)	(3,893)	(11,572)	(509)	-	*(418)*	-	(33)	-	(16,425)
Financial Analyst	65,039	4,976	14,283	650	*17,636*	*$1,045*	4,000	83	(2,000)	40,673
Financial Analyst - 50% to WPC	(32,520)	(2,488)	(7,141)	(325)	*(8,818)*	*(523)*	(2,000)	(42)	1,000	(20,336)
FICA on Stand by & Leave buyback		1,623								10,168
	297,917	**24,414**	**64,224**	**2,106**	***46,384***	***3,032***	**2,000**	**241**	**(6,635)**	**135,766**
Customer Accounts										
Meter Repairman/Reader	41,112	3,145	9,028	411	*17,636*	*$1,045*	2,000	83	(1,000)	32,349
Prin. Account Clerk	47,876	3,663	10,514	479	*17,636*	*$1,045*	4,000	83	(2,000)	35,419
Meter Repairman/Reader	50,878	3,892	11,173	509	*17,636*	*$1,045*	4,000	83	(2,000)	36,338
Maintenance Mechanic	53,755	4,112	11,805	538	*17,636*	*$1,045*	4,000	83	(2,000)	36,681
Billing Clerk	47,876	3,663	10,514	479	*17,636*	*$1,045*	4,000	83	(2,000)	35,419
Billing Clerk 50% allocation	(23,938)	(1,831)	(5,257)	(239)	*(8,818)*	*(523)*	(2,000)	(42)	1,000	(17,710)
Meter Repairman/Reader	51,298	3,924	11,265	513	*17,636*	*$1,045*	4,000	83	(2,000)	36,467
Water Meter Foreman	64,557	4,939	14,177	646	*17,636*	*$1,045*	4,000	83	(2,000)	40,525
FICA on Leave & OT		524								524
	333,413	**26,030**	**73,218**	**3,334**	***114,633***	***6,795***	**24,000**	**540**	**(12,000)**	**236,012**

Title	Total Salary for 2020	7.65% FICA MEDIC	21.96% Pension	Retirement Sav Plan 1% < 10 yrs svc 403b Plan	*FY 2020 ACTUAL Premiums Health Plan*	*FY 2020 ACTUAL Premiums Dental*	Health Plan City funding High Deduct.	Life Insur.	Health Plan Employee Share	Total Benefits
Source of Supply										
Dist/Collect Operator	56,404	4,315	12,386	564	*17,636*	*$1,045*	4,000	83	(2,000)	38,029
Dist/Collection Foreman	64,233	4,914	14,106	-	*17,636*	*$1,045*	4,000	83	(2,000)	39,784
Dist/Collect Mechanic	53,391	4,084	11,725	534	*17,636*	*$1,045*	4,000	83	(2,000)	37,107
Laborer	41,112	3,145	9,028	411	*17,636*	*$1,045*	4,000	83	(2,000)	33,349
Dist/Collect Operator	51,888	3,969	11,395	519	*17,636*	*$1,045*	4,000	83	(2,000)	36,647
Super., Water Dist/Collect	91,252	6,981	20,039	-	*17,636*	*$1,045*	4,000	83	(2,000)	47,784
Allocate 50% (Distribution)	(45,626)	(3,490)	(10,019)	-	*(8,818)*	*(523)*	(2,000)	(42)	1,000	(23,892)
FICA on Leave & OT & Temp		3,787								3,787
Source of Supply- Mainland										-
FICA on Part time, OT & Temp		3,358								3,358
	312,654	**31,063**	**68,659**	**2,028**	***96,998***	***5,750***	**22,000**	**457**	**(11,000)**	**215,954**
Newport Water Plant										
Water Plant Op - Grade 3	60,254	4,609	13,232	603		*$1,045*	-	83		19,572
Water Plant Op - Grade 1	*Unfunded for Revenue Purposes*									
Water Plant Op - Grade 3	60,217	4,607	13,224	-	*17,636*	*$1,045*	4,000	83	(2,000)	38,594
Water Plant Op - Grade 1	43,591	3,335	9,573	436	*17,636*	*$1,045*	4,000	83	(2,000)	34,108
Water Plant Op - Grade 3	58,308	4,461	12,804	583	*17,636*	*$1,045*	4,000	83	(2,000)	38,612
Water Qual/Prod Sup.	85,729	6,558	18,826	-	*$20,870*	*$1,045*		83	(3,130)	44,252
Allocate 50% (Lawton Valley)	(42,864)	(3,279)	(9,413)	-	*(10,435)*	*(523)*	-	(42)	1,565	(22,126)
Assist Water Treat Super	76,851	5,879	16,877	769	*$20,870*	*$1,045*		83	(3,130)	42,392
Allocate 50% (Lawton Valley)	(38,426)	(2,940)	(8,438)	(384)	*(10,435)*	*(523)*	-	(42)	1,565	(21,196)
Water Plant Op - Grade 3	56,611	4,331	12,432	566	*7,301*	*$333*	2,000	83	(1,000)	26,046
Water Plant Op - Grade 1	47,659	3,646	10,466	477	*7,301*	*$333*	2,000	83	(1,000)	23,305
Water Plant Op - Grade 1	44,898	3,435	9,860	449	*7,301*	*$333*	2,000	83	(1,000)	22,460
Water Plant Op - Grade3	60,217	4,607	13,224	-	*17,636*	*1,199*	4,000	83	(2,000)	38,748
FICA on Leave,OT, stipend, holiday		10,279								10,279
	513,045	**44,917**	**112,665**	**3,497**	***113,317***	***7,424***	**22,000**	**747**	**(14,130)**	**295,047**
Lawton Valley										
Water Plant Op - Grade 3	53,363	4,082	11,719	534	*17,636*	*$1,045*	4,000	83	(2,000)	37,099
Water Plant Op - Grade 3	59,254	4,533	13,012	593	*17,636*	*$1,045*	4,000	83	(2,000)	38,902
Water Plant Op - Grade 3	57,130	4,370	12,546	571	*17,636*	*$1,045*	4,000	83	(2,000)	38,252
Water Plant Op - Grade 3	59,117	4,522	12,982	591	*17,636*	*$1,045*	4,000	83	(2,000)	38,860

Title	Total Salary for 2020	7.65% FICA MEDIC	21.96% Pension	Retirement Sav Plan 1% < 10 yrs svc 403b Plan	FY 2020 ACTUAL Premiums Health Plan	FY 2020 ACTUAL Premiums Dental	Health Plan City funding High Deduct.	Life Insur.	Health Plan Employee Share	Total Benefits
Water Plant Op - Grade 3	50,297	3,848	11,045	503	*7,301*	*$333*	2,000	83	(1,000)	24,113
Allocated 50%	42,864	3,279	9,413	-	*10,435*	*523*	-	42	(1,565)	22,126
Allocate 50% (Lawton Valley)	38,426	2,940	8,438	384	*10,435*	*523*	-	42	(1,565)	21,196
Water Plant Op - Grade 3	51,806	3,963	11,377	518	*17,636*	*$1,045*	4,000	83	(2,000)	36,622
Water Plant Op - Grade 3	60,217	4,607	13,224	-	*7,301*	*382*	2,000	83	(1,000)	26,597
Water Plant Op - Grade 3	58,567	4,480	12,861	586	*17,636*	*$1,045*	4,000	83	(2,000)	38,692
FICA on Leave,OT, stipend, holiday		11,654								11,654
	531,042	**40,625**	**116,617**	**4,280**	***141,288***	***8,033***	**28,000**	**747**	**(17,130)**	**334,113**
Water Laboratory										
Microbiologist	65,068	4,978	14,289	651	*17,636*	*$1,045*	4,000	83	(1,000)	41,682
Laboratory Supervisor	78,895	6,036	17,325	789	*17,636*	*$1,045*	4,000	83	(2,000)	44,914
FICA on Leave Buyback		325								325
	143,963	**11,338**	**31,614**	**1,440**	***35,272***	***2,091***	**8,000**	**166**	**(3,000)**	**86,921**
Distribution										
HE Operator	59,117	4,522	12,982	591	*17,636*	*$1,045*	4,000	83	(2,000)	38,860
Dist/Collect Mechanic	50,297	3,848	11,045	503	*7,301*	*$333*	2,000	83	(1,000)	24,113
Dist/Collect Operator	56,202	4,299	12,342	-	*7,301*	*$333*	2,000	83	(1,000)	25,358
Dist/Collect Mechanic	48,860	3,738	10,730	489	*17,636*	*1,199*	4,000	83	(1,000)	36,874
Dist/Collect Operator	*Unfunded for Revenue Purposes*									
Dist/Collect Operator	51,298	3,924	11,265	513	*7,301*	*$333*	2,000	83	(1,000)	24,419
Dist/Collect Foreman	64,913	4,966	14,255	649	*17,636*	*$1,045*	4,000	83	(2,000)	40,634
Engineering Technician	66,157	5,061	14,528	-	*17,636*	*$1,045*	4,000	83	(2,000)	40,354
Engineering Technician	55,259	4,227	12,135	553	*7,301*	*$333*	2,000	83	(1,000)	25,632
Parts/Invent Control Tech	47,438	3,629	10,417	474	*17,636*	*$1,045*	4,000	83	(2,000)	35,285
50% to WPC	(23,719)	(1,814)	(5,209)	(237)	*(8,818)*	*(523)*	(2,000)	(42)	1,000	(17,643)
Allocated 50%	45,626	3,490	10,019	-	*8,818*	*523*	4,000	42	(1,000)	23,892
FICA on Leave,OT, temporary		5,760								5,760
	521,449	**45,651**	**114,510**	**3,535**	***117,385***	***6,711***	**30,000**	**747**	**(13,000)**	**303,539**
	2,653,484	**224,039**	**581,507**	**20,219**	***665,277***	***39,836***	**136,000**	**3,644**	**(76,896)**	**1,607,352**
				original	*661,560*	*45,288*				
				reduction	*3,717*	*(5,452)*				

Title	Total Salary for 2020	7.65% FICA MEDIC	21.96% Pension	Retirement Sav Plan 1% < 10 yrs svc 403b Plan	***FY 2020 ACTUAL Premiums Health Plan***	***FY 2020 ACTUAL Premiums Dental***	Health Plan City funding High Deduct.	Life Insur.	Health Plan Employee Share	Total Benefits
				Medical As Presented	FY 2020 FINAL monthly	*FY 2020 FINAL annual*		Dental As Presented	FY 2020 FINAL monthly	*FY 2020 FINAL annual*
		Exec Family		$21,881	$1,739	*$20,870*		$1,199	$87	*$1,045*
		Exec Single		$8,387	$720	*$8,640*		$382	$28	*$333*
		NEARI Fam		$17,409	$1,470	*$17,636*		$1,199	$87	*$1,045*
		NEARI Single		$7,207	$608	*$7,301*		$382	$28	*$333*
		AFSCME Family		$17,409	$1,470	*$17,636*		$1,199	$87	*$1,045*
		AFSCME Single		$7,207	$608	*$7,301*		$382	$28	*$333*

CERTIFICATION

I hereby certify that on August 21, 2019, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Luly Massaro, Commission Clerk, by electronic mail and regular mail.

Parties/Address	E-mail Distribution	Phone
Julia Forgue, Director of Public Works Newport Water Department 70 Halsey St. Newport, RI 02840	jforgue@cityofnewport.com; lsitrin@CityofNewport.com; rschultz@CityofNewport.com; wyost@CityofNewport.com;	401-845-5601
Harold Smith Raftelis Financial Consulting, PA 511 East Blvd. Charlotte, NC 28203	Hsmith@raftelis.com;	704-373-1199
Tiffany Parenteau, Esq. Christy Hetherington, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	Chetherington@riag.ri.gov; TParenteau@riag.ri.gov; pat.smith@dpuc.ri.gov; John.bell@dpuc.ri.gov; al.mancini@dpuc.ri.gov; Mfolcarelli@riag.ri.gov; dmacrae@riag.ri.gov;	401-222-2424
Jerome Mierzwa Lafayette Morgan Exeter Associates, Inc. 10480 Little Patuxent Parkway, Suite 300 Columbia, MD 21044	jmierzwa@exeterassociates.com; lmorgan@exeterassociates.com;	410-992-7500
Dept. of Navy (DON) Kenneth M. Racette, Jr. Kelsey A. Harrer, Assistant Counsel Department of the Navy, Office of the General Counsel 6506 Hampton Blvd. Norfolk, VA 23508-1278	Kelsey.a.harrer@navy.mil; kenneth.racette@navy.mil	757-322-4119
Dr. Kay Davoodi, Director Larry Allen, Public Utilities Specialist Utilities Rates and Studies Office NAVFAC HQ, Department of the Navy 1322 Patterson Avenue SE Suite 1000 Washington Navy Yard, D.C. 20374	Khojasteh.davoodi@navy.mil; Larry.r.allen@navy.mil;	

Maurice Brubaker Brian Collins Brubaker and Associates, Inc. PO Box 412000 St. Louis, MO 63141-2000	mbrubaker@consultbai.com; bcollins@consultbai.com;	401-724-3600
Portsmouth Water & Fire District (PWFD) Adam M. Ramos, Esq. Christine E. Dieter, Esq. Hinckley, Allen & Snyder 100 Westminster St., Suite 1500 Providence, RI 02903	aramos@haslaw.com; cdieter@hinckleyallen.com; cwhaley@hinckleyallen.com; stroke@hinckleyallen.com;	
Jessica C. Lynch, PWFD	jlynch@portsmouthwater.org;	
Christopher P.N. Woodcock	Woodcock@w-a.com;	508-393-3337
David Bebyn	dbebyn@gmail.com;	
Town of Middletown (Middletown) Peter Regan, Esq. Mark Boivin, Esq. Sayer Regan & Thayer, LLP 130 Bellevue Ave. Newport, RI 02840	Pregan@SRT-law.com; mboivin@srt-law.com; arichardson@srt-law.com;	401-849-3040 x-233
David Russell, P.E. Russell Consulting LLC	Davidrussell015@comcast.net;	

Joseph A. Keough, Jr., Esquire # 4925
KEOUGH & SWEENEY, LTD.
41 Mendon Avenue
Pawtucket, RI 02861
(401) 724-3600 (phone)
(401) 724-9909 (fax)
jkeoughjr@keoughsweeney.com